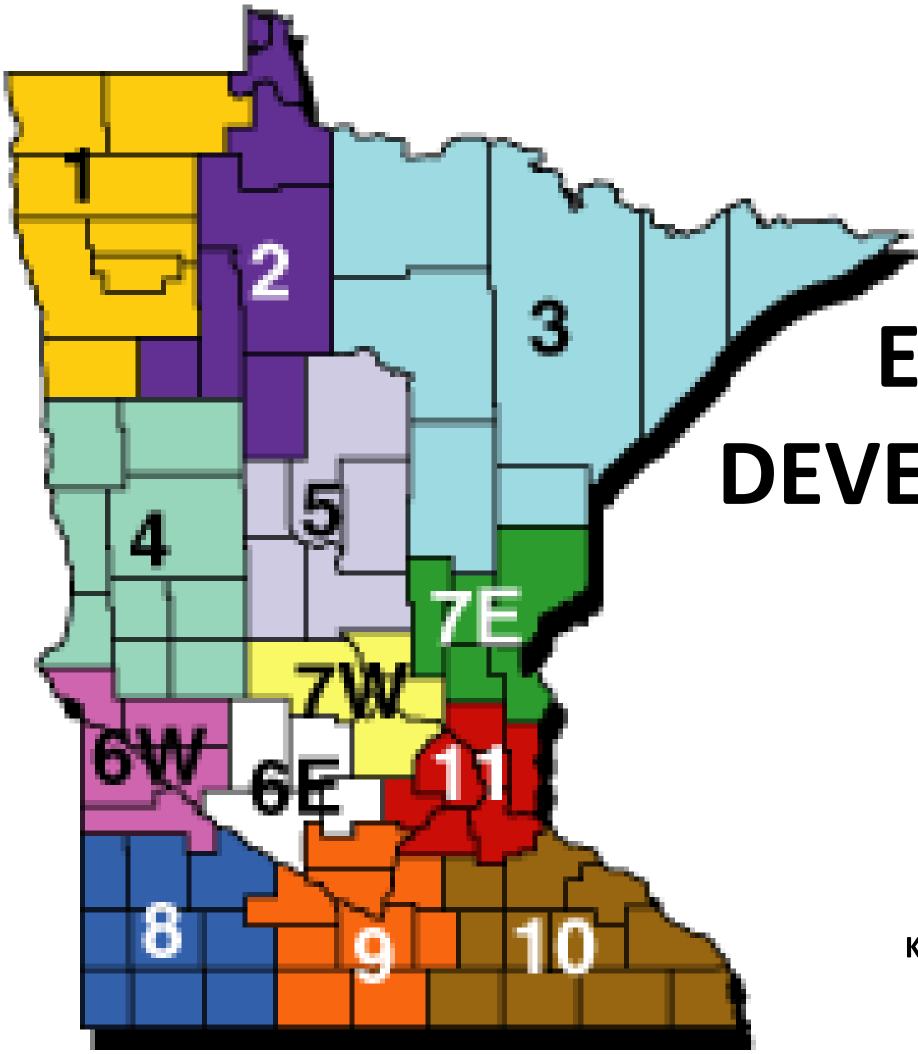

ECONOMIC DEVELOPMENT REGION 3: Northeast

Covers counties:

Aitkin, Carlton, Cook, Itasca, Koochiching, Lake, and St. Louis

2015 REGIONAL PROFILE

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DEMOGRAPHICS

POPULATION CHANGE, 2000-2014

Economic Development Region 3 - Northeast, also known as the Arrowhead, includes a total of 7 counties, located in the Northeast Minnesota planning region. According to population data from the U.S. Census Bureau, Region 3 was home to 326,649 people in 2014, accounting for 6.0 percent of the state's total population. From 2000 to 2014, Region 3 increased its population by 4,576 residents. This 1.4 percent increase was considerably less than the 10.9 percent increase experienced across the state of Minnesota during this time frame (see Table 1).

Table 1. Population Change 2000-2014

	2000 Population	2014 Estimates	2000-2014 Change Number	2000-2014 Change Percent
Region 3 - Northeast	**322,073**	**326,649**	***+4,576***	***+1.4%***
Aitkin Co.	15,301	15,771	*+470*	*+3.1%*
Carlton Co.	31,671	35,571	*+3,900*	*+12.3%*
Cook Co.	5,168	5,233	*+65*	*+1.3%*
Itasca Co.	43,992	45,589	*+1,597*	*+3.6%*
Koochiching Co.	14,355	12,856	*-1,499*	*-10.4%*
Lake Co.	11,058	10,680	*-378*	*-3.4%*
St. Louis Co.	200,528	200,949	*+421*	*+0.2%*
State of Minnesota	**4,919,479**	**5,457,173**	***+537,694***	***+10.9%***

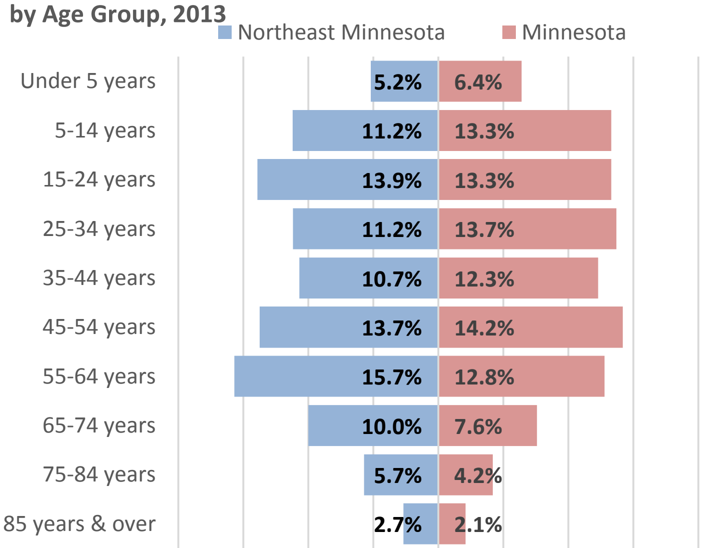
Source: U.S. Census Bureau, Population Estimates

With 200,949 people, St. Louis County is the largest county in the area, accounting for 61.5 percent of the region's population. Carlton County grew the most and the fastest in the region, with an increase of 12.3 percent, or 3,900 people. Itasca County also saw steady growth. On the other hand, Koochiching County lost 1,499 residents and Lake County lost 378 people, both losing population since 2000 (see Table 1).

POPULATION BY AGE GROUP, 2000-2013

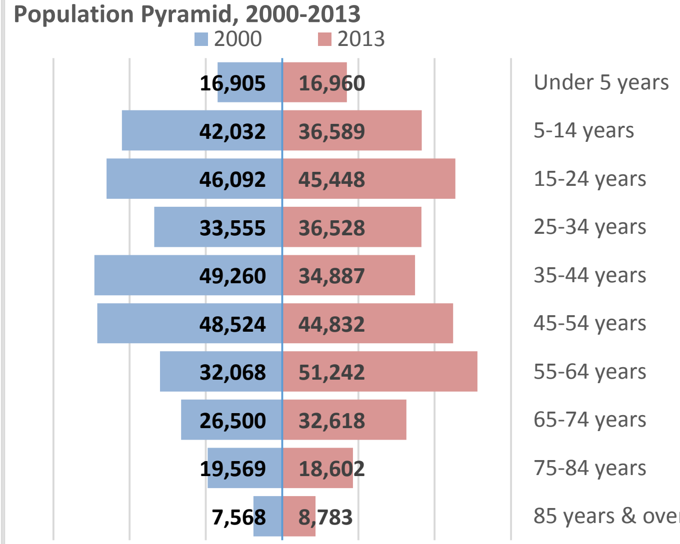
Region 3 has a considerably older population than the state. Over one-third of the population in the region is 55 years of age or older, compared to just one-fourth of the state's population. In contrast, the percentage of population that is under 15 years of age is 3.3 percent lower in the region than it is for the state. Region 3 also had a much lower percentage of people in the 25 to 54 year old age group, which is typically considered the "prime working years", at 35.6 percent compared to 40.2 percent statewide. Since 2000, the number of people aged 55 years and older – including the Baby Boom generation, people who were born between 1946 and 1964 – has increased by 25,440 people, and now consists of 111,245 people (See Figure 1 and Figure 2).

Figure 1. Percentage of Population by Age Group, 2013



Source: U.S. Census Bureau, American Community Survey

Figure 2. Northeast Minnesota Population Pyramid, 2000-2013

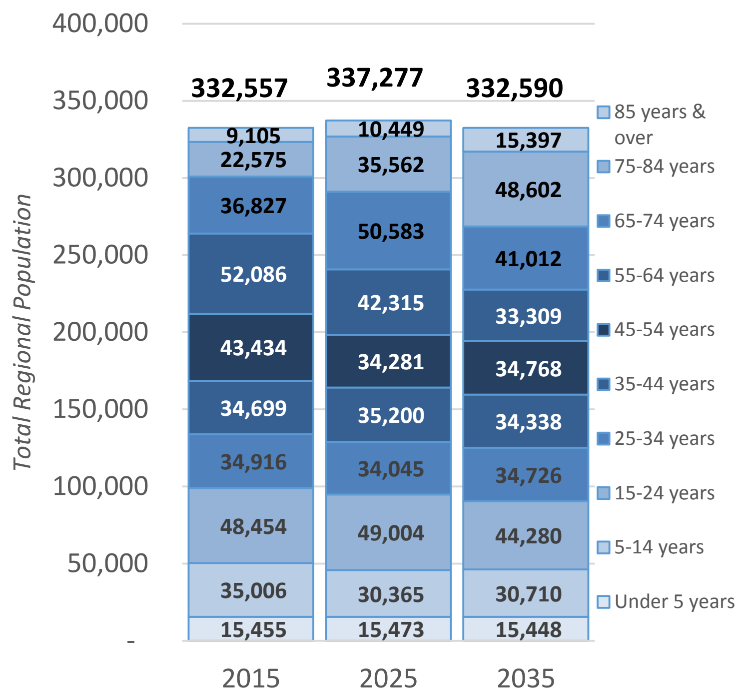


Source: U.S. Census Bureau, American Community Survey

POPULATION PROJECTIONS BY AGE GROUP, 2015-2035

Region 3 is projected to have relative population stability in the next 20 years. According to population projections from the Minnesota State Demographic Center, Northeast Minnesota is expected to gain close to 5,000 people in the next 10 years, then lose about 5,000 people over the following 10 years (see Figure 3). In comparison, the state of Minnesota is projected 10.8 percent growth from 2015 to 2035.

Figure 3. Population Projections by Age Group, 2015-2035



Source: Minnesota State Demographic Center

While the overall population is not expected to grow, older age cohorts in the region are projected to expand considerably. Northeast Minnesota is expected to add more than 36,500 people aged 65 years and older, a 53 percent increase by 2035. The results of the current Baby Boom generation moving through the population pyramid will cause the age cohorts of 45 to 64 to experience the greatest declines in population. The amount of children under 5 years old is expected to be unchanged, but school-aged children and young adults are expected to decline by about 8,500 people.

POPULATION BY RACE, 2013

Region 3's population is considerably less diverse than the state of Minnesota, but has increased in diversity over time. In 2013, about 93 percent of the region's residents reported White alone as their race, compared to 85.6 percent of residents statewide. The region has a greater percentage of American Indian and Alaska Natives than the state, but considerably smaller percentages of people reporting Black or African American, Asian, or Hispanic or Latino origin (see Table 2).

Cook County had the most diverse populace in the region, with just 88 percent of residents reporting White alone as their race, while 7 percent of residents reported being American Indian or Alaska Native. In contrast, Aitkin and Koochiching Counties had more than 95 percent of their population reporting their race as White alone.

Table 2. Race and Hispanic Origin, 2013	Region 3			Minnesota	
	Number	Percent	*Change from 2000-2013*	Percent	*Change from 2000-2013*
Total	**326,247**	**100.0%**	***+1.3%***	**100.0%**	***+8.7%***
White	302,817	92.8%	*-0.7%*	85.6%	*+4.0%*
Black or African American	3,880	1.2%	*+78.7%*	5.2%	*+63.0%*
American Indian & Alaska Native	8,946	2.7%	*+7.2%*	1.1%	*+4.6%*
Asian & Other Pac. Islander	2,537	0.8%	*+45.9%*	4.2%	*+56.3%*
Some Other Race	1,124	0.3%	*+72.1%*	1.4%	*+17.4%*
Two or More Races	6,943	2.1%	*+63.0%*	2.5%	*+59.6%*
Hispanic or Latino	3,993	1.2%	*+66.3%*	4.8%	*+79.3%*

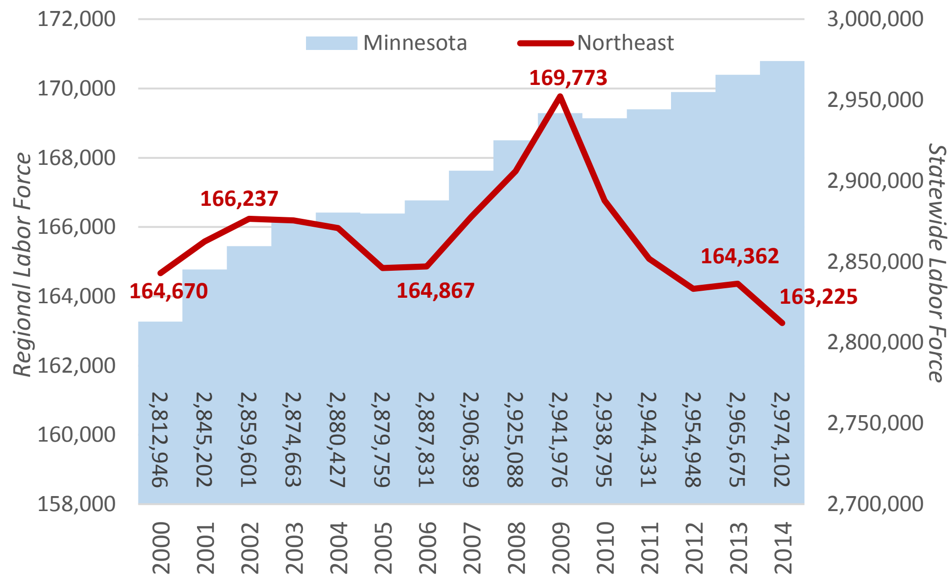
Source: U.S. Census Bureau, American Community Survey

LABOR FORCE

LABOR FORCE CHANGE, 2000-2014

According to data from DEED's Local Area Unemployment Statistics program, Region 3 had just over 163,000 workers in 2014. In the depths of the recession in 2009, the region's labor force reached its peak with nearly 170,000 workers, but has steadily declined as the recovery from the recession has taken hold. Even though the region's population has experienced a modest increase over the last decade, the labor force lost 2,747 workers since 2004 (see Figure 4). Region 3 suffered the biggest loss in labor force for the planning regions in the state, with only the Southwest planning region also experiencing a loss since 2004.

Figure 4. Annual Labor Force Estimates, 2000-2014



Source: DEED Local Area Unemployment Statistics (LAUS)

LABOR FORCE PROJECTIONS, 2015-2025

Applying current labor force participation rates to future population projections creates labor force projections for the region. If the region's population grows at the projected rate, the region's labor force is expected to decrease significantly. Region 3's workforce is expected to drop by nearly 10,000 workers by 2025, a 6.1 percent decrease (see Table 3).

The movement of Baby Boomers will result in an increase nearly of 3,000 workers who are 65 years and older in 2025. There is also expected to be an increase of about 1,450 workers who are 20 to 24 years old in the next 10 years. The largest loss of workers will occur in the 45 to 64 year old age cohort, as these Baby Boomers reach the retirement age and start exhibiting much lower labor force participation rates. This will likely lead to a tight labor market in the future as well, with employers needing to respond to the changing labor force availability in the region.

Table 3. Region 3 Labor Force Projections

	2015 Labor Force Projection	2025 Labor Force Projection	2015-2025 Change	
			Numeric	Percent
16 to 19 years	10,495	9,997	*-498*	*-4.7%*
20 to 24 years	17,993	19,441	*+1,448*	*+8.0%*
25 to 44 years	58,477	58,166	*-311*	*-0.5%*
45 to 54 years	35,963	28,385	*-7,579*	*-21.1%*
55 to 64 years	31,356	25,474	*-5,882*	*-18.8%*
65 to 74 years	6,629	9,105	*+2,476*	*+37.4%*
75 years & over	1,109	1,610	*+502*	*+45.2%*
Total Labor Force	**162,022**	**152,178**	***-9,844***	***-6.1%***

Source: Minnesota State Demographic Center, 2009-2013 American Community Survey 5-Year Estimates

EMPLOYMENT CHARACTERISTICS, 2013

With just 61.2 percent of the population aged 16 years and over in the labor force, Region 3 had considerably lower labor force participation rates than the state's 70.3 percent rate. Labor force participation rates were lower for all age cohorts in the region than the state (see Table 4).

The region also had lower participation rates for every race; and also had larger unemployment rate disparities for most minority groups when compared to Whites. The unemployment rate for Black or African Americans in the region was 26 percent, was 18.5 percent for American Indians, and was 23.7 percent for people of Two or More Races. Meanwhile, the unemployment rate for Whites was just 7.8 percent. In sum, unemployment rates were highest for young people, minorities, workers with disabilities, and people with lower educational attainment.

Table 4. Employment Characteristics, 2013

	Region 3			Minnesota	
	In Labor Force	Labor Force Partic. Rate	Unemp. Rate	Labor Force Partic. Rate	Unemp. Rate
Total Labor Force	**164,618**	**61.2%**	**8.4%**	**70.3%**	**7.1%**
16 to 19 years	9,269	50.1%	13.7%	50.9%	20.2%
20 to 24 years	19,159	80.8%	12.3%	81.6%	11.2%
25 to 44 years	59,997	84.0%	8.1%	88.2%	6.3%
45 to 54 years	40,074	82.8%	7.0%	87.5%	5.6%
55 to 64 years	29,717	60.2%	5.0%	71.7%	5.5%
65 to 74 years	5,446	18.0%	4.3%	26.5%	4.5%
75 years & over	959	3.5%	6.2%	5.8%	4.6%
Employment Characteristics by Race & Hispanic Origin					
White alone	155,076	61.4%	7.8%	70.5%	6.3%
Black or African American	1,377	48.6%	26.0%	67.6%	17.5%
American Indian & Alaska Native	3,790	59.7%	18.5%	60.1%	18.8%
Asian or Other Pac. Islanders	1,404	67.9%	5.2%	69.8%	8.5%
Some Other Race	573	73.7%	7.7%	77.6%	10.9%
Two or More Races	2,349	57.0%	23.7%	69.0%	14.4%
Hispanic or Latino	1,645	61.6%	5.5%	75.1%	10.4%
Employment Characteristics by Veteran Status					
Veterans, 18 to 64 years	10,881	69.6%	10.4%	77.8%	7.7%
Employment Characteristics by Disability					
With Any Disability	9,493	42.2%	16.9%	51.6%	14.6%
Employment Characteristics by Educational Attainment					
Population, 25 to 64 years	129,772	76.7%	7.0%	84.2%	5.9%
Less than H.S. Diploma	4,584	54.1%	15.7%	66.9%	14.6%
H.S. Diploma or Equivalent	35,048	71.5%	9.9%	79.4%	8.0%
Some College or Assoc. Degree	54,107	78.9%	7.0%	85.6%	6.1%
Bachelor's Degree or Higher	36,008	83.7%	3.2%	89.1%	3.4%

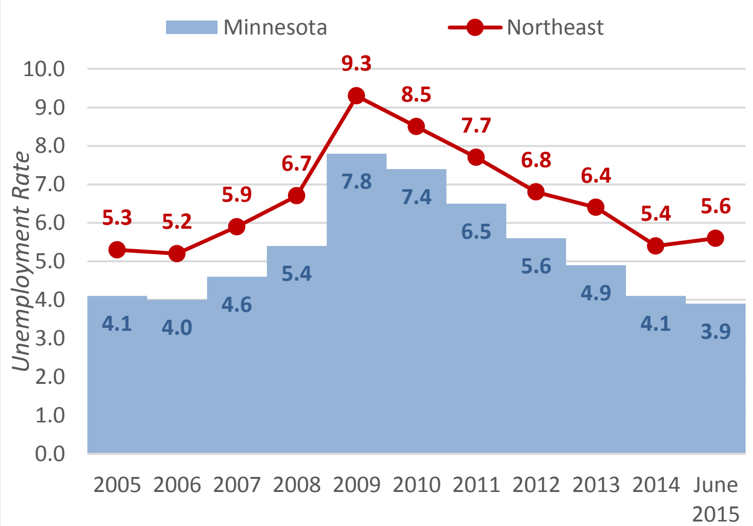
Source: [2009-2013 American Community Survey, 5-Year Estimates]

UNEMPLOYMENT RATE, 2005-2015

Region 3 has consistently reported higher unemployment rates than Minnesota, typically hovering at least 1.0 percent above the state rate. According to [Local Area Unemployment Statistics], the region's unemployment rate reached its peak in 2009 at 9.3 percent, then steadily declined to an annual rate of 5.4 percent in 2014 (see Figure 5).

The region contains some of the highest county unemployment rates in the state, with Koochiching County and Itasca County reporting annual unemployment rates of 8.4 percent and 6.4 percent in 2014, respectively.

Figure 5. Unemployment Rates, 2005-2015



Source: DEED Local Area Unemployment Statistics (LAUS)

COMMUTE SHED AND LABOR SHED, 2013

According to commuting data from the U.S. Census Bureau, the vast majority – about 80 percent – of workers who live in the region also work within the region. However, Region 3 is a net importer of labor, having slightly more jobs than available workers; drawing in workers from surrounding counties but also having residents drive outside the region to find work. In sum, 119,372 workers both lived and worked in the 7-county region, while another 29,939 workers drove into the region for work, compared to 28,830 who live in the region but drove to surrounding counties for work (see Table 5 and Figure 6).

Table 5. Region 3 Inflow/Outflow Job Counts (All Jobs), 2013	2013	
	Count	Share
Employed in the Selection Area	149,311	100.0%
Employed in the Selection Area but Living Outside	29,939	20.1%
Employed and Living in the Selection Area	119,372	79.9%
Living in the Selection Area	148,202	100.0%
Living in the Selection Area but Employed Outside	28,830	19.5%
Living and Employed in the Selection Area	119,372	80.5%

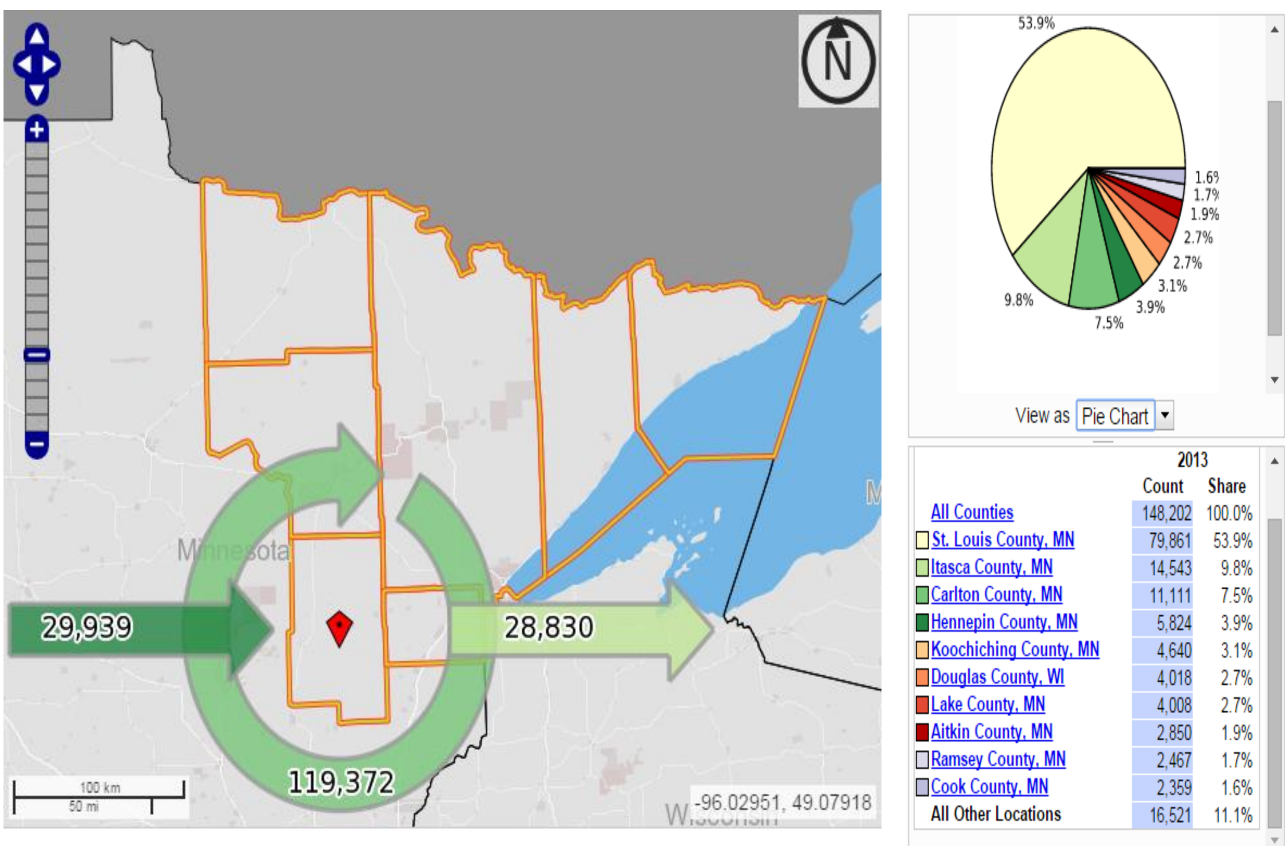
Source: U.S. Census Bureau, OnTheMap

St. Louis County is the largest employment center in the region and was the biggest draw for workers, followed by Itasca, Carlton, Koochiching, Lake, and Cook counties. Employers in the region draw workers from Douglas County in Wisconsin as well as Pine County to the south of the region. In contrast, the region sends workers to the Twin Cities, represented by Hennepin and Ramsey County, as well as to Douglas County (see Table 6 and Figure 6).

Table 6. Region 3 Commuting Data	
Counties outside the region that send the most workers into the region	Counties outside the region that the most workers from inside the region travel to
Douglas Co. WI	Hennepin Co. MN
Hennepin Co. MN	Douglas Co. WI
Pine Co. MN	Ramsey Co. MN

Source: U.S. Census Bureau, OnTheMap

Figure 6. Region 3 Labor and Commute Shed, 2013

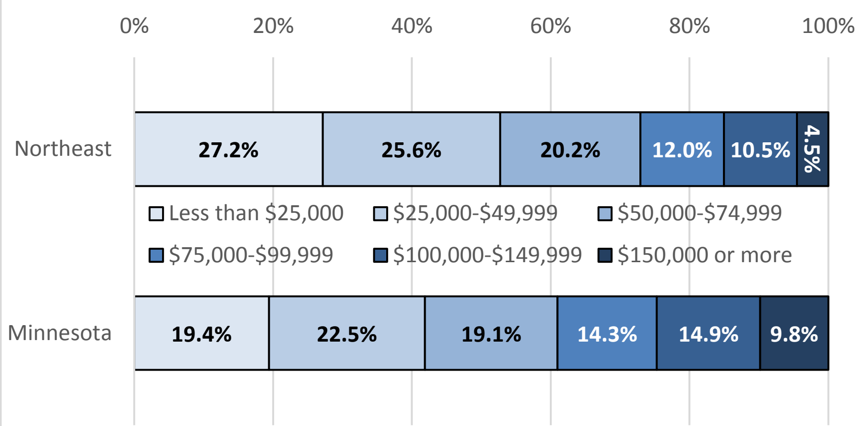


INCOMES, WAGES AND OCCUPATIONS

HOUSEHOLD INCOMES

Household incomes were significantly lower in Region 3 than the rest of the state. Median household incomes in the region ranged from $41,617 in Aitkin County to $53,016 in Carlton County, with St. Louis County residing in the middle with a $46,517 median household income. More than half (52.8%) of the households in the region had incomes below $50,000 in 2013, compared to 42.4% statewide. About one-third of households earned between $50,000 and $100,000 in the region. In contrast, only 15.0 percent of households earned over $100,000 per year, compared to nearly 25 percent of households statewide (see Figure 7).

Figure 7. Household Incomes, 2013

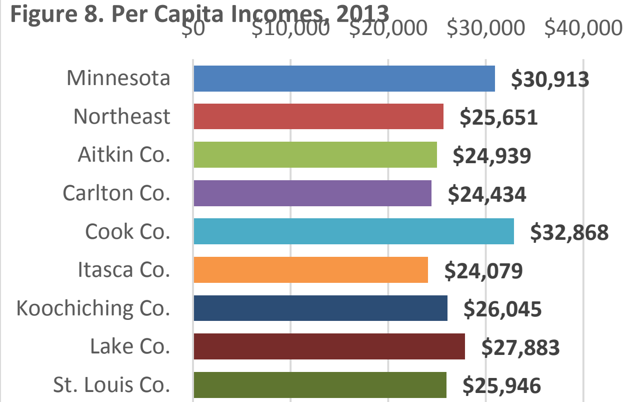


Source: 2009-2013 American Community Survey 5-Year Estimates

PER CAPITA INCOMES

Per capita incomes were also lower in the Northeast region than the state, with a more than $5,000 difference. The region's per capita income was $25,651, compared to $30,913 in the state. Per capita incomes ranged from a low of $24,079 in Itasca County to a high of $32,868 in Cook County (see Figure 8).

Figure 8. Per Capita Incomes, 2013



Source: American Community Survey

COST OF LIVING

According to DEED's [Cost of Living tool](), the basic needs budget for an average Minnesota family (which consists of 2 adults and 1 child, with 1 full-time and 1 part-time worker) was $50,988 in 2015. The cost of living for a similar family in Northeast Minnesota was $43,560 – which was the sixth lowest of the 13 EDRs in the state. The highest monthly costs were for transportation, food, and housing; but the region's housing, child care, taxes, and transportation costs were significantly lower than the rest of the state (see Table 7).

In order to meet the basic cost of living for the region, the workers in the family scenario described would need to earn $13.96 per hour.

Table 7. Family Yearly Cost, Worker Hourly Wage, and Family Monthly Costs, 2015

Region	Family Yearly Cost of Living	Hourly Wage Required	Monthly Costs: Child Care	Food	Health Care	Housing	Trans-portation	Other	Taxes
Region 3	$43,560	$13.96	$245	$758	$393	$764	$968	$213	$289
Minnesota	$50,988	$16.34	$443	$772	$405	$907	$1,039	$235	$448

Source: DEED Cost of Living tool

WAGES AND OCCUPATIONS

According to DEED's Occupational Employment Statistics program, the median hourly wage for all occupations in Region 3 was $16.58 in the first quarter of 2015, which was in the middle of the six planning regions in the state. Northeast's median wage was about $2.00 below the state's median hourly wage, and nearly $4.00 below the median hourly wage in the 7-County Twin Cities metro area, which would amount to over $8,000 per year for a full-time worker (see Table 8).

Table 8. Occupational Employment Statistics by Region, 1st Qtr. 2015	Median Hourly Wage	Estimated Regional Employment
EDR 1 - Northwest	$16.39	36,130
EDR 2 - Headwaters	$15.77	27,330
EDR 3 - Arrowhead	**$16.58**	**141,800**
EDR 4 - West Central	$15.66	83,540
EDR 5 - North Central	$14.37	56,050
EDR 6E - Southwest Central	$16.42	46,490
EDR 6W - Upper MN Valley	$15.34	18,380
EDR 7E - East Central	$16.43	44,580
EDR 7W - Central	$16.80	172,200
EDR 8 - Southwest	$14.79	53,380
EDR 9 - South Central	$15.99	105,260
EDR 10 - Southeast	$17.74	253,990
EDR 11 - 7-County Twin Cities	$20.49	1,691,650
State of Minnesota	**$18.65**	**2,730,020**

Source: DEED Occupational Employment Statistics

Lower paying jobs tend to have lower educational and training requirements such as food preparation, sales, personal care and service, and building and grounds cleaning and maintenance jobs. For the most part, the gap in pay between the region and the state is much lower for these type of jobs. For those occupations that have higher wages, the gap in pay is more pronounced. Computer and mathematical occupations make on average about $8.00 less in Northeast than they do statewide. In contrast, construction and extraction occupations make on average slightly more in the Northeast region than they do statewide (see Table 9).

Table 9. Region 3 Occupational Employment Statistics, 1st Qtr. 2015

	Region 3				State of Minnesota		
	Median Hourly Wage	Estimated Regional Employment	*Share of Total Employment*	*Location Quotient*	Median Hourly Wage	Estimated Regional Employment	*Share of Total Employment*
Total, All Occupations	**$16.58**	**141,800**	***100.0%***	**1.0**	**$18.65**	**2,730,020**	***100.0%***
Office & Administrative Support	$15.22	20,860	*14.7%*	*1.0*	$17.27	409,100	*15.0%*
Food Preparation & Serving	$9.07	13,920	*9.8%*	*1.2*	$9.21	228,640	*8.4%*
Sales & Related	$10.70	13,800	*9.7%*	*1.0*	$13.24	270,540	*9.9%*
Healthcare Practitioners & Technical	$28.05	10,610	*7.5%*	*1.3*	$31.54	160,390	*5.9%*
Education, Training, & Library	$21.04	8,190	*5.8%*	*1.0*	$22.72	156,090	*5.7%*
Transportation	$15.58	7,960	*5.6%*	*0.9*	$16.18	167,130	*6.1%*
Production	$19.46	7,530	*5.3%*	*0.7*	$16.61	217,830	*8.0%*
Installation, Maintenance, & Repair	$22.71	7,060	*5.0%*	*1.4*	$21.52	94,310	*3.5%*
Personal Care & Service	$10.69	6,810	*4.8%*	*1.1*	$11.11	120,000	*4.4%*
Management	$36.68	6,590	*4.7%*	*0.8*	$47.47	165,730	*6.1%*
Construction & Extraction	$25.65	6,360	*4.5%*	*1.3*	$24.88	91,240	*3.3%*
Healthcare Support	$12.56	6,060	*4.3%*	*1.3*	$13.63	89,360	*3.3%*
Building & Grounds Cleaning	$10.83	5,320	*3.8%*	*1.3*	$12.03	81,560	*3.0%*
Business & Financial Operations	$25.87	5,050	*3.6%*	*0.6*	$30.37	159,970	*5.9%*
Community & Social Service	$18.35	4,440	*3.1%*	*1.7*	$20.51	49,210	*1.8%*
Protective Service	$19.36	2,900	*2.1%*	*1.3*	$19.43	43,660	*1.6%*
Architecture & Engineering	$32.12	2,170	*1.5%*	*0.8*	$34.76	50,980	*1.9%*
Computer & Mathematical	$30.19	2,160	*1.5%*	*0.5*	$37.96	91,560	*3.4%*
Life, Physical, & Social Science	$26.86	1,870	*1.3%*	*1.5*	$30.29	24,410	*0.9%*
Arts, Design, Entertainment & Media	$17.37	1,300	*0.9%*	*0.7*	$21.82	36,430	*1.3%*
Legal	$32.34	570	*0.4%*	*0.6*	$38.48	18,330	*0.7%*
Farming, Fishing, & Forestry	$17.73	290	*0.2%*	*1.6*	$14.41	3,570	*0.1%*

Source: DEED Occupational Employment Statistics, Qtr. 1 2015

The highest paying jobs in the region are found in management, legal, architecture and engineering, computer, business and financial operations, healthcare practitioners, and life, physical, and social science occupations, which all need higher levels of education and experience, including many that require postsecondary training. The pay gaps between the region and state are much bigger in these occupations.

JOB VACANCY SURVEY

Employers in Region 3 reported 6,213 job vacancies in the second quarter of 2015, which was the third highest number ever recorded, and a 16 percent increase compared to 2014. Overall, 40 percent of the openings were part-time, and about one-third required postsecondary education or 1 or more years of experience. The median hourly wage offer was $11.53 (see Table 10).

Table 10. Region 3 Job Vacancy Survey Results, 2nd Qtr. 2015

	Number of Total Vacancies	Percent Part-time	Requiring Post-Secondary Education	Requiring 1 or More Years of Experience	Requiring Certificate or License	Median Hourly Wage Offer
Total, All Occupations	**6,213**	**40%**	**35%**	**31%**	**35%**	**$11.53**
Healthcare Practitioners & Technical	1,005	18%	99%	38%	98%	$13.37
Personal Care & Service	990	27%	8%	22%	20%	$9.72
Building & Grounds Cleaning & Maint.	671	73%	0%	3%	1%	$9.05
Food Preparation & Serving Related	622	62%	3%	34%	4%	$9.17
Office & Administrative Support	401	41%	16%	41%	3%	$11.12
Healthcare Support	373	66%	39%	7%	52%	$11.23
Sales & Related	320	65%	4%	18%	0%	$10.18
Education, Training, & Library	304	18%	66%	29%	30%	$15.38
Transportation & Material Moving	292	24%	30%	65%	82%	$16.27
Installation, Maintenance, & Repair	272	5%	47%	46%	36%	$14.04
Arts, Design, Entertainment, & Media	262	96%	50%	4%	8%	$13.53
Business & Financial Operations	165	2%	86%	90%	49%	$28.81
Community & Social Service	134	80%	20%	55%	26%	$13.83
Production	116	5%	14%	13%	2%	$12.06
Life, Physical, & Social Science	58	0%	83%	92%	100%	$24.34
Construction & Extraction	53	0%	0%	35%	35%	$13.37
Architecture & Engineering	52	0%	92%	90%	72%	$26.57
Management	49	10%	59%	83%	29%	$25.76
Protective Service	43	58%	23%	29%	52%	$9.82
Computer & Mathematical	27	4%	58%	89%	5%	$19.55

Source: DEED Job Vacancy Survey, 2nd Qtr. 2015

OCCUPATIONS IN DEMAND

According to DEED's Occupations in Demand tool, about 250 occupations are showing relatively high demand in Region 3, with training and education requirements ranging from short-term on-the-job training to postsecondary education to advanced degrees.

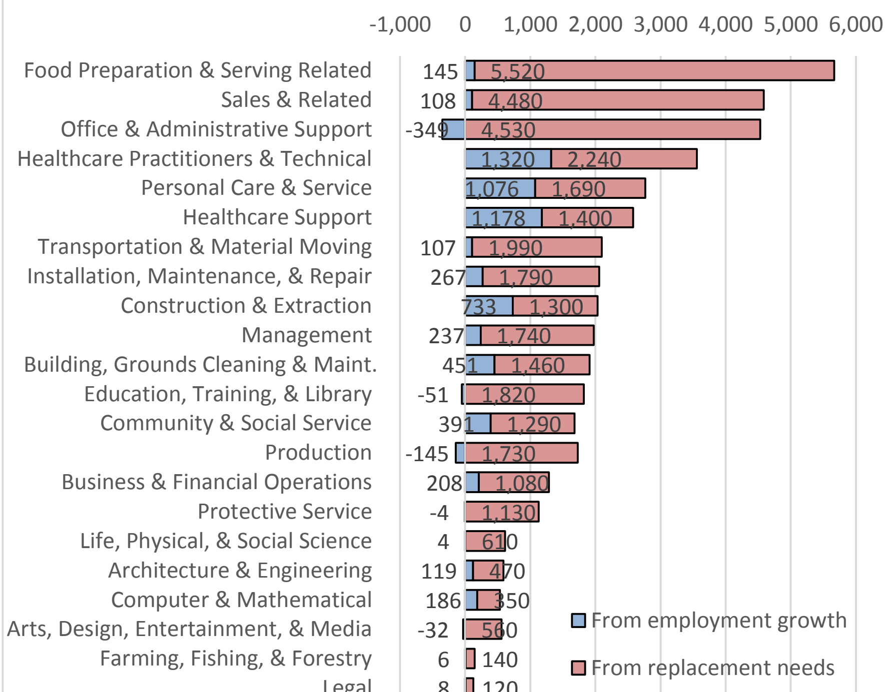
The in-demand occupations are spread across different sectors but are also concentrated in the region's major industries, especially in health care. Home Health Aides, Registered Nurses, Medical Assistants, Surgical Technologists, Physicians, and Pharmacists are occupations that are needed in the health care field and span education requirements. Construction, retail trade, and accommodation and food services are also industries that are creating significant demand for workers in the region (see Table 11).

Table 11. Region 3 Occupations in Demand by Education Level, 2014			
Less than High School	**High School or Equivalent**	**Some College or Assoc. Degree**	**Bachelor's Degree or Higher**
Retail Salespersons ($21,143)	Social & Human Service Assistants ($30,158)	Registered Nurses ($65,127)	Physicians & Surgeons, All Other ($199,111)
Combined Food Preparation & Serving Workers ($18,109)	Customer Service Representatives ($30,584)	Nursing Assistants ($26,610)	Nurse Practitioners ($104,383)
Cashiers ($19,384)	Maintenance & Repair Workers, General ($33,044)	Heavy & Tractor-Trailer Truck Drivers ($38,115)	Mechanical Engineers ($71,248)
Home Health Aides ($22,755)	Office Clerks, General ($28,971)	Hairdressers, Hairstylists, & Cosmetologists ($22,423)	Network & Computer Systems Admin. ($64,674)
Personal Care Aides ($22,166)	Hotel, Motel, & Resort Desk Clerks ($19,394)	Licensed Practical & Licensed Vocational Nurses ($39,186)	Accountants & Auditors ($57,362)
Laborers & Freight, Stock, & Material Movers ($22,728)	Bookkeeping, Accounting, and Auditing Clerks ($33,755)	Emergency Medical Techs. & Paramedics ($30,080)	Financial Managers ($96,113)
Stock Clerks & Order Fillers ($21,715)	Tellers ($23,402)	First-Line Supervisors of Production ($59,331)	Secondary School Teachers ($54,299)
Janitors & Cleaners, ($24,214)	Industrial Machinery Mechanics ($65,695)	Medical Assistants ($34,096)	Marketing Managers ($77,673)
Maids and Housekeeping Cleaners ($19,756)	Welders, Cutters, Solderers, & Brazers ($42,172)	Surgical Technologists ($49,453)	Pharmacists ($131,505)
Industrial Truck & Tractor Operators ($37,200)	Automotive Service Technicians ($34,876)	Computer User Support Specialists ($43,026)	Social & Community Service Managers ($58,678)
			Source: DEED Occupations in Demand

EMPLOYMENT PROJECTIONS

The Northeast Minnesota planning region is projected to grow 3.8 percent from 2012 to 2022, a gain of 5,963 new jobs. In addition, the region is also expected to need 45,000 replacement hires to fill jobs left vacant by retirements and other career changes. In fact, the number of replacement openings is expected to dwarf the number of new jobs created in every occupation group except Healthcare Practitioners, Healthcare Support, and Personal Care and Service, which are all projected to grow more than an additional 1,000 jobs each. Each of those occupational groups will have replacement needs as well, indicating the strong demand for these occupations in the region. The largest need for workers will be in food prep and serving, sales, and office and administrative support (See Figure 9).

Figure 9. Northeast Minnesota Employment Projections, 2012-2022



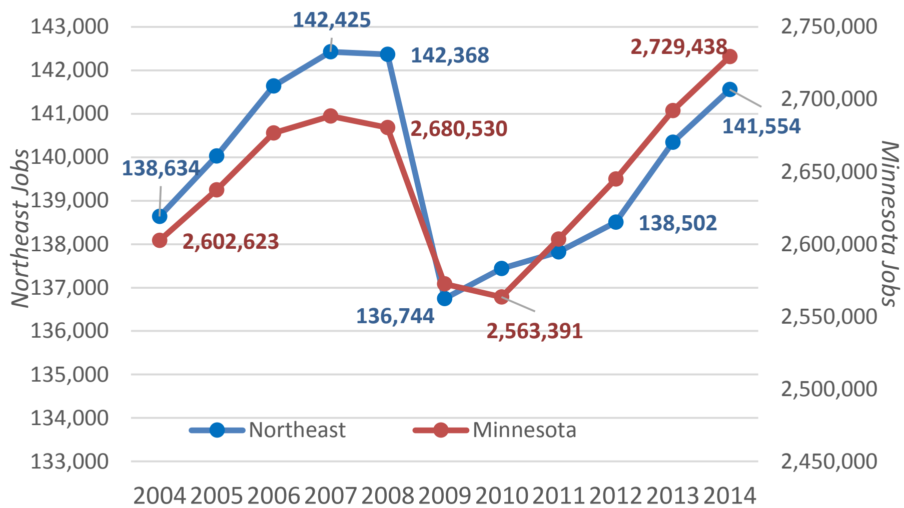
Source: DEED 2012-2022 Employment Outlook

ECONOMY

INDUSTRY EMPLOYMENT

Region 3 has seen several employment ups and downs over the past decade, but ended 2014 with 2,920 more jobs than it had in 2004. The region peaked in employment with 142,425 jobs in 2007, before suffering severe declines in 2009 and 2010. Since then, Northeast Minnesota has recovered more slowly than the state, which gained jobs at a 6.5 percent clip from 2010 to 2014, compared to a 3.0 percent increase in the region (see Figure 10).

Figure 10. Industry Employment Change, 2004-2014



Source: DEED Quarterly Census of Employment & Wages (QCEW)

According to DEED's [Quarterly Census of Employment & Wages (QCEW) program](), Region 3 was home to 8,638 business establishments providing 141,554 covered jobs through 2014, with a total payroll of just over $5.7 billion. That was about 5.2 percent of total employment in the state of Minnesota. Average annual wages were $40,508 in the region, which was about $11,000 lower than the state's average annual wage (see Table 12).

Table 12. Region 3 Industry Employment Statistics, 2014				Average	*2010-2014*		*2013-2014*	
Geography	Number of Firms	Number of Jobs	Total Payroll	Annual Wage	*Change in Jobs*	*Percent Change*	*Change in Jobs*	*Percent Change*
Region 3 - Northeast	**8,638**	**141,554**	**$5,734,434,954**	**$40,508**	***+4,116***	***+3.0%***	***+1,208***	***+0.9%***
Aitkin Co.	438	3,734	$117,276,535	$31,408	*-62*	*-1.6%*	*+49*	*+1.3%*
Carlton Co.	747	13,669	$541,546,787	$39,572	*+971*	*+7.6%*	*+309*	*+2.3%*
Cook Co.	297	2,790	$81,680,248	$29,380	*+115*	*+4.3%*	*+7*	*+0.3%*
Itasca Co.	1,183	15,980	$611,797,479	$38,272	*+424*	*+2.7%*	*+312*	*+2.0%*
Koochiching Co.	417	4,767	$177,308,956	$37,180	*-386*	*-7.5%*	*-236*	*-4.7%*
Lake Co.	313	4,311	$178,028,617	$41,340	*+160*	*+3.9%*	*+23*	*+0.5%*
St. Louis Co.	5,243	96,302	$4,026,796,332	$41,808	*+2,895*	*+3.1%*	*+745*	*+0.8%*
State of Minnesota	**164,409**	**2,729,438**	**$140,857,248,755**	**$51,584**	***+166,047***	***+6.5%***	***+37,321***	***+1.4%***
Source: DEED Quarterly Census of Employment & Wages (QCEW)								

St. Louis County is the largest employment center in the region with 96,302 jobs at 5,243 firms; followed by Itasca County and Carlton County with 15,980 and 13,669 jobs, respectively. Five of the 7 counties in the region added jobs since 2010, led by St. Louis, which gained 2,895 jobs and Carlton County, which added 971 jobs. In contrast, Aitkin and Koochiching County saw job declines since 2010.

Region 3 gained over 1,200 net new jobs in the past year, a 0.9 percent increase, which was slightly slower than the state overall. Six of the 7 counties added jobs from 2013 to 2014, again led by St. Louis County, and followed by Itasca and Carlton County (see Table 12).

With 32,805 jobs at 874 firms, health care and social assistance is the largest employing industry in Northeast region, accounting for 23.2 percent of total jobs in the region. That is over 7 percent higher than the state's concentration of employment in the healthcare industry. The amount of jobs in this industry held stable recently, with only 150 jobs added since 2010 and about 30 jobs in the previous year. At $43,680 in 2014, average annual wages were about $3,000 higher in healthcare than all industries.

The next largest industries were retail trade and accommodation and food services. After seeing job gains in the past 5 years, these two industries made up nearly 23 percent of all the jobs in the region. However, the average annual wages were low in these industries, with retail trade at $23,348 and accommodation and food services at $13,884, which were both considerably less than the average annual wage of $40,508 for all industries in the region.

The construction and mining industries saw strong gains from 2010 to 2014 as they both grew by nearly 20 percent, and combined to add 1,800 jobs in the region. Wages are high in these industries, with annual average wages of $57,392 and $90,012 respectively. However, recent events have affected employment in the mining sector in Northeast Minnesota, as many mining workers have been idled.

Other important industries in Region 3 include educational services, public administration, manufacturing, finance and insurance, other services, professional and technical services, and administrative support and waste management services. Seventeen of the 20 main industries in the region added jobs since 2010, with huge gains in construction, mining, professional and technical services, other services, retail trade, and transportation and warehousing. In contrast, the region saw job declines in management of companies and arts, entertainment, and recreation (see Table 13).

Table 13. Region 3 Industry Employment Statistics, 2014

	2014 Annual Data				Avg.	*2010-2014*		*2013-2014*	
NAICS Industry Title	Number of Firms	Number of Jobs	*Percent of Jobs*	Total Payroll	Annual Wage	*Change in Jobs*	*Percent Change*	*Change in Jobs*	*Percent Change*
Total, All Industries	**8,638**	**141,554**	***100.0%***	**$5,734,434,954**	**$40,508**	***+4,116***	***+3.0%***	***+1,208***	***+0.9%***
Health Care & Social Assistance	874	32,805	*23.2%*	$1,433,908,775	$43,680	*+156*	*+0.5%*	*+28*	*+0.1%*
Retail Trade	1,378	17,632	*12.5%*	$411,927,446	$23,348	*+355*	*+2.1%*	*+65*	*+0.4%*
Accommodation & Food Services	924	14,411	*10.2%*	$201,034,976	$13,884	*+22*	*+1.6%*	*+26*	*+0.2%*
Educational Services	264	11,803	*8.3%*	$493,375,488	$41,964	*+134*	*+1.1%*	*+145*	*+1.2%*
Public Administration	331	10,644	*7.5%*	$504,202,121	$47,372	*+38*	*+0.4%*	*+29*	*+0.3%*
Manufacturing	342	8,511	*6.0%*	$479,299,599	$56,316	*+212*	*+2.6%*	*-387*	*-4.3%*
Construction	952	6,674	*4.7%*	$365,555,362	$54,392	*+1,058*	*+18.8%*	*+614*	*+10.1%*
Finance & Insurance	437	4,861	*3.4%*	$216,519,102	$44,512	*+162*	*+3.4%*	*+37*	*+0.8%*
Other Services	783	4,770	*3.3%*	$118,412,414	$24,804	*+423*	*+9.7%*	*+131*	*+2.8%*
Mining	30	4,590	*3.2%*	$413,321,170	$90,012	*+765*	*+20.0%*	*+92*	*+2.0%*
Professional & Technical Svcs.	551	4,177	*3.0%*	$252,342,643	$60,320	*+425*	*+11.3%*	*+155*	*+3.9%*
Admin. Support & Waste Mgmt.	304	4,105	*2.9%*	$103,463,096	$25,168	*+126*	*+3.2%*	*+160*	*+4.1%*
Arts, Entertainment & Recreation	240	3,672	*2.6%*	$79,082,159	$21,528	*-81*	*-2.2%*	*-4*	*-0.1%*
Transportation & Warehousing	322	3,668	*2.6%*	$163,921,908	$44,668	*+321*	*+9.6%*	*+94*	*+2.6%*
Wholesale Trade	275	3,119	*2.2%*	$156,746,139	$50,232	*+116*	*+3.9%*	*+38*	*+1.2%*
Utilities	55	1,752	*1.2%*	$154,522,424	$88,192	*+97*	*+5.9%*	*+40*	*+2.3%*
Information	146	1,647	*1.2%*	$71,032,937	$43,108	*N/A*	*N/A*	*-97*	*-5.6%*
Real Estate, Rental & Leasing	266	1,240	*0.9%*	$33,045,739	$26,624	*+33*	*+2.7%*	*-23*	*-1.8%*
Management of Companies	38	863	*0.6%*	$59,735,500	$69,212	*-142*	*-14.1%*	*+43*	*+5.2%*
Agriculture, Forestry, Fish & Hunt	127	606	*0.4%*	$22,985,956	$37,492	*0*	*0.0%*	*+20*	*+3.4%*

Source: DEED Quarterly Census of Employment & Wages (QCEW)

DISTINGUISHING INDUSTRIES

Region 3 stands out in the state for its higher concentrations of employment in mining and natural resources, and as measured by location quotient, its distinguishing industries reflect these particular industries. The region has more than 70 percent of the state's jobs in water transportation and mining. With trees as a natural resource in the region, forestry and logging and paper manufacturing are also distinguishing industries with location quotients above 4.0 (see Table 14).

Table 14. Region 3 Distinguishing Industries, 2014					Avg. Annual Wages	Location Quotient
NAICS Industry Title	NAICS Code	Number of Firms	Number of Jobs	Total Payroll		
Total, All Industries	**0**	**8,638**	**141,554**	**$5,734,434,954**	**$40,508**	**1.0**
Water Transportation	483	7	249	$23,853,639	$95,628	14.9
Mining (except Oil & Gas)	212	24	4,492	$407,905,371	$90,792	14.0
Support Activities for Mining	213	6	97	$5,415,799	$55,796	11.3
Forestry & Logging	113	96	457	$18,567,201	$39,676	9.3
Paper Manufacturing	322	9	2,077	$159,817,171	$76,908	4.2
Apparel Manufacturing	315	3	140	$3,348,027	$23,868	3.9
Fishing, Hunting & Trapping	114	4	21	$778,230	$37,856	2.9
Electric Power Generation & Transmission	2211	42	1,695	$151,178,603	$89,232	2.7
National Security & International Affairs	928	5	319	$20,041,842	$62,868	2.7
Administration of Environmental Quality	924	70	1,131	$65,175,406	$57,668	2.7

Source: DEED Quarterly Census of Employment & Wages (QCEW)

INDUSTRY PROJECTIONS

As noted above, Northeast Minnesota's economy is projected to grow 3.8 percent from 2012 to 2022, a gain of 5,963 new jobs.

Table 15. Northeast Minnesota Industry Projections, 2012-2022				
Industry	Estimated Employment 2012	Projected Employment 2022	Percent Change 2012-2022	Numeric Change 2012-2022
Total, All Industries	**157,408**	**163,371**	***+3.8%***	***+5,963***
Health Care & Social Assistance	29,732	34,618	*+16.4%*	*+4,886*
Retail Trade	17,395	17,588	*+1.1%*	*+193*
Accommodation & Food Services	13,781	13,997	*+1.6%*	*+216*
Manufacturing	9,109	8,827	*-3.1%*	*-282*
Construction	5,627	6,391	*+13.6%*	*+764*
Other Services	6,446	6,344	*-1.6%*	*-102*
Mining	4,578	4,973	*+8.6%*	*+395*
Finance & Insurance	4,923	4,943	*+0.4%*	*+20*
Professional & Technical Services	3,764	4,157	*+10.4%*	*+393*
Admin. Support & Waste Mgmt.	3,575	3,816	*+6.7%*	*+241*
Arts, Entertainment, & Recreation	3,575	3,674	*+2.8%*	*+99*
Transportation & Warehousing	3,517	3,307	*-6.0%*	*-210*
Wholesale Trade	3,398	3,284	*-3.4%*	*-114*
Educational Services	2,134	2,147	*+0.6%*	*+13*
Agriculture, Forestry, Fish & Hunt	1,580	1,587	*+0.4%*	*+7*
Information	1,671	1,387	*-17.0%*	*-284*
Utilities	1,543	1,340	*-13.2%*	*-203*
Real Estate, Rental & Leasing	1,152	1,218	*+5.7%*	*+66*
Management of Companies	908	921	*+1.4%*	*+13*

Source: DEED 2012-2022 Employment Outlook

The largest and fastest growing industry is expected to be health care and social assistance, which may account for over 80 percent of total projected growth in the region from 2012 to 2022. Other industries that are expected to grow in Northeast Minnesota include retail trade, accommodation and food services, construction, mining, professional and technical services, and administrative support and waste management services, which includes temporary staffing agencies. In contrast, the region is expected to see declines in information, manufacturing, transportation and warehousing, utilities, wholesale trade, and other services (see Table 15).

EMPLOYERS BY SIZE CLASS

The vast majority of businesses in Region 3 are small businesses, with 51.0 percent of businesses reporting 1 to 4 employees in 2013, according to County Business Patterns from the U.S. Census Bureau. Another 35.6 percent had between 5 and 19 employees; and 11.2 percent had between 20 and 99 employees. Only 1.9 percent had 100 to 499 employees, though that was in line with the state. Just 15 businesses in the region had more than 500 employees, which is the Small Business Administration's official cut off for a "small business". Obviously then, small businesses are vital to the region's economy (see Table 16).

Table 16. Employers by Size Class, 2013

	Region 3		Minnesota
Number of Employees	Number of Firms	Percent of Firms	Percent of Firms
1-4	4,344	51.0%	54.2%
5-9	1,756	20.6%	17.7%
10-19	1,278	15.0%	13.4%
20-49	724	8.5%	8.9%
50-99	231	2.7%	3.2%
100-249	128	1.5%	1.9%
250-499	34	0.4%	0.5%
500-999	10	0.1%	0.2%
1,000 or more	5	0.1%	0.1%
Total Firms	**8,510**	**100.0%**	**100.0%**

Source: *U.S. Census, County Business Patterns*

NONEMPLOYER ESTABLISHMENTS

Before growing, the basic building block of most small businesses is a self-employed business. Region 3 was home to 19,955 self-employed businesses or "nonemployers" in 2013, which are defined by the U.S. Census Bureau as "businesses without paid employees that are subject to federal income tax, originating from tax return information of the Internal Revenue Service (IRS)." These nonemployers generated sales receipts of $742 million in 2013. Unlike covered employment, Northeast Minnesota has seen a small decrease in nonemployers over the past decade, with 5 of 7 counties seeing a decline and only Carlton and Cook County experiencing an increase in self-employment. In sum, the region lost 314 nonemployers from 2003 to 2013, a 1.5 percent decrease (see Table 17).

Table 17. Nonemployer Statistics, 2013

	2013		*2003-2013*	
	Number of Firms	Receipts ($1,000s)	*Change in Firms*	*Percent Change*
Region 3 - Northeast	**19,955**	**$741,743**	***-314***	***-1.5%***
Aitkin Co.	1,112	$41,227	*-129*	*-10.4%*
Carlton Co.	1,994	$72,971	*+103*	*+5.4%*
Cook Co.	782	$27,557	*+14*	*+1.8%*
Itasca Co.	3,000	$111,358	*-196*	*-6.1%*
Koochiching Co.	844	$24,516	*-20*	*-2.3%*
Lake Co.	822	$30,429	*-36*	*-4.2%*
St. Louis Co.	11,401	$433,685	*-50*	*-0.4%*
State of Minnesota	**388,900**	**$17,268,230**	***+40,173***	***+11.5%***

Source: *U.S. Census, Nonemployer Statistics program*

CENSUS OF AGRICULTURE

Unlike other parts of Greater Minnesota, agriculture is not a key industry in Region 3, but there are 2,307 farms producing more than $64 million in the market value of products sold in 2012 according to the U.S. Department of Agriculture. All of the counties in the planning region rank near the bottom in Minnesota in regards to the market value of products sold. However, the region experienced an increase in the market value of products sold since 2007 (see Table 18).

Table 18. Census of Agriculture, 2012

	Number of Farms	Market Value of Products Sold	*State Rank*	*Change in Market Value, 2007-2012*
Region 3 - Northeast	**2,307**	**$64,660,000**		***+36.5%***
Aitkin Co.	471	$15,729,000	*81*	*+16.2%*
Carlton Co.	501	$10,961,000	*83*	*+36.3%*
Cook Co.	18	$257,000	*87*	*N/A*
Itasca Co.	401	$11,176,000	*82*	*+50.6%*
Koochiching Co.	187	$9,089,000	*84*	*+77.6%*
Lake Co.	44	$389,000	*86*	*+45.3%*
St. Louis Co.	685	$17,059,000	*80*	*+53.0%*
State of Minnesota	**74,542**	**$21,280,184,000**		***+61.5%***

Source: *2012 Census of Agriculture*